

September 2007

# DEFENSE INFRASTRUCTURE

## Overseas Master Plans Are Improving, but DOD Needs to Provide Congress Additional Information about the Military Buildup on Guam

**G A O**

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Highlights of [GAO-07-1015](#), a report to congressional committees

## Why GAO Did This Study

Over the next several years, implementation of the Department of Defense's (DOD) Integrated Global Presence and Basing Strategy will result in the realignment of U.S. forces and the construction of new facilities costing billions of dollars at installations overseas. The Senate and House reports accompanying the fiscal year 2004 military construction appropriation bill directed GAO to monitor DOD's overseas master plans and to provide congressional defense committees with assessments each year. The Senate report accompanying the fiscal year 2007 military construction appropriation bill directed GAO to review DOD's master planning effort for Guam as part of these annual reviews. This report, first, examines how the overseas plans have changed and the extent to which they address the challenges faced by DOD and, second, assesses the status of DOD's planning effort and the challenges associated with the buildup of military forces and infrastructure on Guam.

## What GAO Recommends

GAO is not recommending executive action. However, Congress should require DOD to report on residual value and U.S. Pacific Command's (PACOM) training limitations, as well as periodically on its planning efforts for Guam and efforts to address various challenges. DOD believes congressional action is not necessary.

[www.gao.gov/cgi-bin/getrpt?GAO-07-1015](http://www.gao.gov/cgi-bin/getrpt?GAO-07-1015).

To view the full product, including the scope and methodology, click on the link above. For more information, contact Brian Lepore at (202) 512-4523 or [leporeb@gao.gov](mailto:leporeb@gao.gov).

# DEFENSE INFRASTRUCTURE

## Overseas Master Plans Are Improving, but DOD Needs to Provide Congress Additional Information about the Military Buildup on Guam

### What GAO Found

The fiscal year 2008 overseas master plans, which provide infrastructure requirements at U.S. military facilities in each of the overseas regional commands' area of responsibility, have been updated to reflect U.S. overseas defense basing strategies and requirements as well as GAO's prior recommendations for improving the plans. The plans also address DOD's challenges to a greater extent than they did in previous years. However, two areas continue to be of concern. First, the master plans do not address the issue of residual value—that is, the value of property being turned over to the host nation based on its reuse of property. Although DOD officials believe that residual value cannot be readily predicted and therefore should not be in the master plans, compensation received for U.S. capital improvements at installations returned to host nations could affect U.S. funding requirements for overseas construction. Second, the master plan for PACOM, which provides details on the command's training limitations in Japan and several other challenges, does not provide details regarding training limitations for the Air Force in South Korea, which could cause the United States to pursue alternatives, such as training in other locations, downsizing, or relocating that could affect overseas basing plans. Without addressing the residual value issue and providing details on these training challenges, DOD cannot provide Congress a comprehensive view enabling it to make informed decisions regarding funding. GAO has previously recommended that overseas regional commands address residual value issues and that PACOM explain how it plans to address existing training limitations. Because these recommendations have not been fully addressed, GAO considers them to be open and believes that they still have merit.

DOD's planning effort for the buildup of military forces and infrastructure on Guam is in its initial stages, with many key decisions and challenges yet to be addressed. Among the challenges to be addressed is completing the required environmental impact statement, initiated in March 2007. According to DOD officials, this statement and associated record of decision could take up to 3 years to complete and will affect many of the key decisions on the exact location, size, and makeup of the military infrastructure development—decisions needed to develop a master plan for the military buildup on Guam. DOD and the services are still determining the exact size and makeup of the forces to be moved to Guam, needed in order to identify the housing, operational, quality of life, and services support infrastructure required for the Marine Corps realignment and the other services' buildup. DOD officials said that additional time is needed to fully address other challenges associated with the Guam military buildup, including funding requirements, operational requirements, and community impact. Until the environmental assessment and initial planning efforts are completed, Congress will need to be kept abreast of developments and challenges affecting infrastructure and funding decisions to make appropriate funding and oversight decisions.

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## Abbreviations

CENTCOM	U.S. Central Command
DOD	Department of Defense
EUCOM	U.S. European Command
JGPO	Joint Guam Program Office
NEPA	National Environmental Policy Act
OSD	Office of the Secretary of Defense
PACOM	U.S. Pacific Command
USFK	U.S. Forces Korea

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September 12, 2007

#### Congressional Committees

Over the next several years, the ongoing implementation of the Department of Defense's (DOD) integrated global presence and basing strategy will result in a global realignment of U.S. forces and installations, including a reduction of the number of troops stationed overseas and a consolidation of overseas bases. While the strategy is intended to make the overseas posture of the United States more flexible and efficient, it will also require new facilities costing billions of dollars, some of the cost to be borne by the United States and some by other nations, such as Japan and South Korea. A key component of the U.S. Pacific Command's (PACOM) integrated global presence and basing strategy is the proposed military buildup on the island of Guam—a U.S. territory located in the western Pacific Ocean. This buildup includes personnel, weapons systems, and infrastructure of all the military services—Army, Navy, Marine Corps, and Air Force. The most ambitious undertaking involves moving approximately 8,000 marines and their estimated 9,000 dependents from Okinawa, Japan, to Guam.

As plans for overseas basing began to emerge, the Senate Appropriations Committee expressed concern about the use of military construction budget authority for projects at overseas bases that may soon be obsolete or closed because of changes being considered by DOD and the military services. Accordingly, the Senate report accompanying the fiscal year 2004 military construction appropriation bill directed DOD<sup>1</sup> to prepare detailed, comprehensive master plans for changing infrastructure requirements at U.S. military facilities in each of the overseas regional commands.<sup>2</sup> DOD was required to provide a baseline report on these plans, along with yearly updates on their status and their implementation with the annual military construction budget submissions through 2008. Subsequently, the House conference report accompanying the 2004 military construction appropriation bill directed the department to prepare comprehensive

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<sup>1</sup>In fulfilling this requirement, the Office of the Secretary of Defense asked the overseas regional combatant commands to prepare comprehensive master plans for their areas of responsibility.

<sup>2</sup>S. Rep. No. 108-82, at 13-14 (2003).

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master plans with yearly updates through fiscal year 2009.<sup>3</sup> The Senate report directed that the master plans identify precise facility requirements and the status of properties being returned to host nations. Additionally, the Senate report stated that the plans should identify funding requirements as well as the division of funding responsibilities between the United States and host nations. The Senate report also directed us to monitor the master plans developed and implemented for the overseas regional commands and to provide the congressional defense committees with assessment reports each year. In July 2006, the Senate report accompanying the fiscal year 2007 military construction appropriation bill directed us to review DOD's master planning effort for Guam as part of our annual review of the overseas master plans.<sup>4</sup>

This is our fourth report responding to the requirements contained in the fiscal year 2004 Senate military construction appropriation bill report. Our prior work found that DOD's overseas master plans generally exceeded the reporting requirements established by Congress, but that there were opportunities for improvement.<sup>5</sup> This report examines, first, how the overseas master plans have changed since last year, and the extent to which the plans address the challenges faced by DOD during implementation. Second, representing our initial examination of DOD's planning effort for the Guam military buildup, this report assesses the status of DOD's planning effort and the challenges associated with the buildup of military forces and infrastructure on Guam.

In conducting our work, we visited overseas regional combatant commands—PACOM, including U.S. Forces Korea (USFK) and U.S. Forces Japan; U.S. European Command (EUCOM); and U.S. Central Command (CENTCOM)—to see selected installations and military construction projects firsthand and to discuss compliance with the Office of the

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<sup>3</sup>H.R. Conf. Rep. No. 108-342, at 17 (2003).

<sup>4</sup>S. Rep. No. 109-286, at 15 (2006).

<sup>5</sup>GAO, *DOD's Overseas Infrastructure Master Plans Continue to Evolve*, [GAO-06-913R](#) (Washington, D.C.: Aug. 22, 2006); *Opportunities Exist to Improve Comprehensive Master Plans for Changing U.S. Defense Infrastructure Overseas*, [GAO-05-680R](#) (Washington, D.C.: June 27, 2005); and *Defense Infrastructure: Factors Affecting U.S. Infrastructure Costs Overseas and the Development of Comprehensive Master Plans*, [GAO-04-609](#) (Washington, D.C.: July 15, 2004).

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Secretary of Defense's (OSD) most recent guidance<sup>6</sup> and the challenges the commands face in implementing the plans. After the plans were issued,<sup>7</sup> we reviewed them to determine how the plans have changed since last year and the extent to which the plans complied with the congressional reporting requirements. We assessed whether the plans provided information in a complete, clear, and consistent manner, and we discussed with OSD and command officials whether improvements in the guidance and reporting were needed. We generally concluded that a plan was improved over those of prior years if it included details on base categories, host nation funding levels, facility requirements and costs, environmental remediation issues, and other challenges affecting implementation of the plans. To determine the status of the Guam planning effort, we met with officials of OSD, PACOM, and the Navy Joint Guam Program Office (JGPO)—the office established to plan and execute the military development on Guam—to discuss the status of DOD's planning effort and the challenges associated with the buildup of military forces and infrastructure on Guam. We also visited U.S. Pacific Fleet; U.S. Marine Corps Forces, Pacific; U.S. Army Pacific; and Pacific Air Forces to discuss the various factors that can affect U.S. infrastructure requirements and costs in Guam, and we reviewed information included in the *Guam Integrated Military Development Plan*—a notional document detailing the future military development on Guam over the next decade and beyond.<sup>8</sup> It is important to note that DOD considers the *Guam Integrated Military Development Plan* to be separate and distinct from the overseas master plans that it provides Congress annually in response to the Senate report and House conference report accompanying the fiscal year 2004 military construction appropriation bill. In Guam, we visited the Naval Base Guam and Andersen Air Force Base to tour existing installations and facilities and observe future sites for military construction firsthand and to identify

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<sup>6</sup>Department of Defense, Under Secretary of Defense for Acquisition, Technology, and Logistics, *Update of Overseas Master Plans* (Washington, D.C.: Oct. 12, 2006). OSD also issued guidance in 2004 and 2005 to aid the overseas regional commands in developing their plans.

<sup>7</sup>Department of Defense, *Comprehensive Master Plans for Changing Infrastructure Requirements at Department of Defense Overseas Facilities* (Washington, D.C.: February 2007). This year, OSD submitted the overseas master plans to Congress on March 28, 2007, and made them available to us on April 20, 2007, which did not provide us sufficient time to fully assess the plans or provide a draft report to Congress by May 15 as we have done in prior years.

<sup>8</sup>U.S. Pacific Command, *Guam Integrated Military Development Plan* (Camp H.M. Smith, Hawaii: July 11, 2006).



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challenges to these plans. We also met with the Governor of Guam and his staff, members of the Guam legislature, staff from the Office of the Delegate of Guam for the House of Representatives, and various community groups to discuss their perspectives on the challenges associated with the influx of military personnel and missions to Guam.

We conducted our review from September 2006 through July 2007 in accordance with generally accepted government auditing standards. See appendix I for more information on our scope and methodology.

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## Results in Brief

The fiscal year 2008 overseas master plans, which provide infrastructure requirements at U.S. military facilities in each of the overseas regional commands' area of responsibility, have been updated to reflect U.S. overseas defense basing strategies and requirements and our prior recommendations for improving the plans, and they address DOD's challenges to a greater extent than in previous years. However, they do not address the issue of residual value and the PACOM master plan does not provide details regarding training challenges for the Air Force in South Korea. The plans incorporate key changes associated with the continuing evolution of U.S. overseas basing strategies. For example, the plans describe the department's recent efforts to establish missile defense sites in the Czech Republic and Poland and the creation of U.S. Africa Command. This year's plans also provide information to respond to most of our prior recommendations. For example, in 2006 we recommended that the plans explain how their implementation could be affected by other relevant and related defense plans and activities, and the 2008 plans describe how PACOM's force structure plans are linked to the military buildup on Guam, and how CENTCOM's increased troop strength and facilities requirements in Iraq and Afghanistan are linked to ongoing operations in its area of responsibility. This year, the overseas master plans provide a more comprehensive description of the challenges DOD faces in implementing the plans than they have done in previous years. Specifically, the master plans address the uncertainties associated with host nations and recent agreements, and they generally reflect environmental concerns and training limitations where those exist. Two areas continue to be of concern. First, OSD does not address the issue of residual value—the value of property being turned over to the host nation based on its reuse of property—in its guidance to the commands, and consequently the master plans omit this information. That is because officials believe that residual value, which is often diminished by actual or anticipated environmental remediation costs, cannot be readily predicted and therefore should not be assumed in the master plans. We recognize

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the uncertainties associated with predicting residual value of land and facilities returned to host nations. However, since 1989, the U.S. government has received approximately \$592 million in residual value and payment-in-kind compensation<sup>9</sup> from property returns in EUCOM's area of responsibility, and EUCOM continues to aggressively seek compensation for U.S. capital improvements at installations returned to host nations, which could thus affect U.S. funding requirements for overseas construction. As EUCOM continues the return of facilities in Germany, Italy, and Iceland, this figure may increase. Accordingly, we continue to believe that residual value should be addressed in the master plans. A second area of concern is that PACOM's master plan, which provides details on the command's training limitations in Japan and several other challenges, does not provide details on the challenges the Air Force faces with training in South Korea. Senior USFK officials told us that these limitations could cause the United States to pursue alternatives, such as training in other locations, downsizing, or relocating that could affect overseas basing plans. In May 2007, USFK officials said that some progress had been made in addressing the Air Force's training challenges in South Korea and that they expected the needed upgrades to possibly be completed by mid-2007. We have previously recommended that overseas regional commands address residual value issues and that PACOM explain how it plans to address existing training limitations in our prior reports and, because these recommendations have not been fully addressed, we consider them to be open and also continue to believe they have merit.

DOD's planning effort for the buildup of military forces and infrastructure on Guam is in its initial stages, with many key decisions and challenges yet to be addressed. While the *Guam Integrated Military Development Plan* provides an overview of the projected military population, units, and infrastructure requirements for future military realignments on Guam, it is not a master plan and does not specify individual facility or infrastructure projects, nor does it direct individual service programming actions or provide for specific funding requirements. Also, the plan is not intended to meet the Senate Appropriations Committee's mandate to provide a master plan for the military buildup on Guam by December 2006.<sup>10</sup> Among the

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<sup>9</sup>In lieu of cash payments, a country may choose payment-in-kind compensation—such as construction of facilities for U.S. forces—which in turn reduces U.S. expenditures.

<sup>10</sup>S. Rep. No. 109-286, at 15 (2006). The report directed the Secretary of Defense to submit a master plan for Guam by December 29, 2006, to the Committees on Appropriations of both Houses of Congress.

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challenges to be addressed first is the required environmental impact statement—initiated on March 7, 2007—which could take up to 3 years to complete, according to DOD officials. According to these officials, the results of the required environmental impact statement may affect many of the key decisions on the exact location, size, and makeup of the military infrastructure development—decisions needed to develop a master plan for Guam. Additionally, DOD and the services are still finalizing the exact size and makeup of the forces to be moved to Guam, which must be determined in order to identify the housing, operational, quality of life, and services support infrastructure required for the Marine Corps realignment and the other services’ buildup. DOD officials also said that additional time is needed to fully address other challenges associated with the military buildup. For example:

- Funding requirements are not yet fully identified and may be difficult to meet given other DOD priorities and funding constraints, according to DOD officials. DOD agencies, such as the Defense Logistics Agency and Defense Education Activity, that will help support the services’ influx of personnel, missions, and equipment to Guam will likely incur costs that are not yet included in current cost estimates for the military buildup. Even so, costs for the total military buildup on Guam are estimated at \$13 billion, with the realignment of the Marine Corps from Okinawa to Guam estimated at \$10.3 billion. The remainder of the costs will be used to construct a Navy pier and station an Army ballistic missile defense task force on Guam. The Government of Japan has agreed to contribute about \$6.1 billion toward the costs of the Marine Corps move, although a portion of these funds will be repaid by the U.S. government through rent or service charges. Nevertheless, given other DOD priorities and funding constraints, DOD officials are concerned about their ability to obtain a continuous flow of funds adequate to pay the costs of the Guam buildup due to pressures on DOD’s budget from the cost of current operations. The Government of Japan may also encounter challenges in funding its share of the Marine Corps move, considering Japan’s other national priorities and its commitment under the defense policy initiatives with the United States.<sup>11</sup>

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<sup>11</sup>DOD officials refer to the process through which the United States and Japan negotiated the initiatives that realign U.S. forces in Japan as the Defense Policy Review Initiative. The realignment initiatives were the result of Security Consultative Committee meetings in 2005 and 2006 between U.S. and Japanese officials. The results of these meetings established a framework for the future U.S. force structure in Japan, including the Marine Corps move from Okinawa to Guam.

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- Operational challenges have not been fully addressed, such as a plan to provide appropriate mobility support and training capabilities to meet Marine Corps requirements. Marine Corps Forces, Pacific, officials noted that during a contingency operation, the U.S. Marines in Guam after the move from Okinawa will depend on strategic military sealift and airlift to reach destinations in Asia that will be farther away than was the case when they were based in Okinawa, Japan. For example, in a contingency operation that requires sealift, the ships may have to deploy from Sasebo, Japan, or another location to transport soldiers and equipment in Guam to the area where the contingency is taking place. In addition, existing training opportunities in Guam are not sufficient to meet the training requirements of the projected Marine Corps force.
  - Many of Guam's unique economic and infrastructure requirements have not been fully addressed. Historically, for example, construction capacity on Guam has been approximately \$800 million per year, as compared with the estimated construction capacity of more than \$3 billion per year projected to be needed by DOD to meet the planned fiscal year 2014 completion date. DOD's preliminary analysis indicates that 15,000 to 20,000 workers will be required to support this development, which will likely necessitate additional foreign workers, training of the workers, and support facilities, such as housing and medical care. Similarly, demands on Guam's roads, port capabilities, and utility services—such as electrical generation, wastewater treatment, and solid waste disposal—can be expected with the military buildup, and these have not been fully addressed. Without effective partnering with other federal departments and coordination with the Government of Guam, it will be difficult to successfully address many of these unique requirements.

To further facilitate annual review and oversight by Congress and other users of the overseas master plans, Congress should consider requiring DOD to ensure that future master plans address residual value issues and future PACOM plans address existing training limitations. Congress should consider requiring DOD, until it develops a master plan, to report periodically on the status of its planning efforts on Guam, including environmental assessments, the size and makeup of the forces to be moved to Guam, and other challenges associated with the military buildup. In written comments on a draft of this report, DOD stated that congressional action was not necessary. We continue to believe that our matters for congressional consideration have merit. We discuss DOD's comments in detail later in this report. DOD also provided technical comments on a draft of this report, which we incorporated where appropriate.

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## Background

Military construction appropriations fund the planning, design, construction, alteration, and improvement of military facilities worldwide. The military construction appropriation request for fiscal year 2008 included approximately \$21.3 billion for military construction and family housing, of which nearly \$1.2 billion (5.6 percent) is designated for specific overseas locations, mostly comprising enduring installations, and not for new and emerging requirements outside existing basing structures.<sup>12</sup> As of fiscal year 2006, DOD had 3,731 installations, with 766 installations located overseas.

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## DOD's Global Realignment

In recent years, DOD has been undergoing a transformation to develop a defense strategy and force structure capable of meeting changing global threats. As part of its transformation, DOD has been reexamining overseas basing requirements to allow for greater U.S. military flexibility to combat conventional and asymmetric threats worldwide. In September 2001, DOD issued its *Quadrennial Defense Review Report*, which addressed, among other issues, reorienting the U.S. military global posture. The report called for developing a permanent basing system that provides greater flexibility for U.S. forces in critical areas of the world as well as providing temporary access to facilities in foreign countries that enable U.S. forces to train and operate in the absence of permanent ranges and bases.

In August 2004, President Bush announced what has been described as the most comprehensive restructuring of U.S. military forces overseas since the end of the Korean War. The initiative is intended to close bases no longer needed to meet Cold War threats, as well as bring home many U.S. forces while stationing more flexible, deployable capabilities in strategic locations around the world. The integrated global presence and basing strategy is the culmination of various DOD studies, including the overseas basing and requirements study, the overseas presence study, and the U.S. global posture study.

As a part of DOD's global realignment, in 2004 the United States and Japan began a series of sustained security consultations aimed at strengthening the U.S.-Japan security alliance to better address today's rapidly changing global security environment. DOD's Defense Policy Review Initiative

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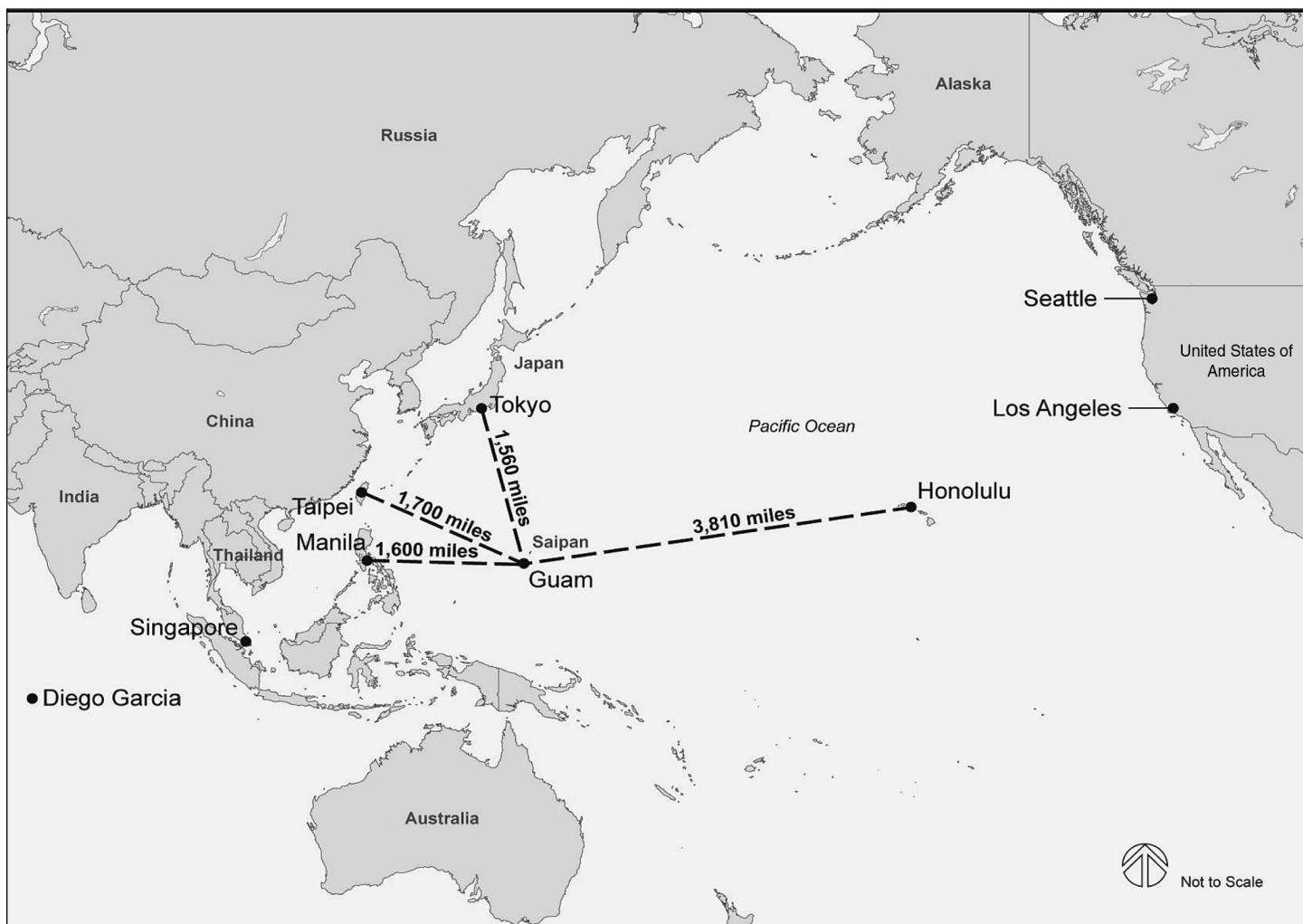
<sup>12</sup>We included Guam in our estimate for military construction and family housing for overseas locations. However, we excluded worldwide classified and unspecified appropriations from our total because these categories may include domestic military construction and family housing.

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established a framework for the future of U.S. force structure in Japan designed to create the conditions to reduce the burden on local Japanese communities and create a continuing presence for U.S. forces by relocating units to other areas, including Guam, while repositioning U.S. forces to respond better to regional crises. This initiative also includes a significant reduction and reorganization of the Marine Corps posture on Okinawa, Japan, to include relocating 8,000 marines and their estimated 9,000 dependents to Guam. More than 10,000 marines and their dependents will remain stationed in Okinawa after this relocation. The initiatives also include the relocation of Carrier Air Wing Five from Atsugi Naval Air Facility to Iwakuni Marine Corps Air Station, Japan; the replacement of the U.S. Marine Corps Futenma Air Station, Japan; transformation of Army headquarters at Camp Zama, Japan; deployment of a nuclear-powered aircraft carrier at Yokosuka Naval Base, Japan; deployment of a transportable ballistic missile defense radar system; relocation of training activities; land returns; and shared use of facilities.

Guam is the westernmost territory of the United States and is strategically located in the Pacific Ocean approximately 3,810 miles southwest of Honolulu, Hawaii; 1,600 miles east of Manila, the Philippines; and 1,560 miles southeast of Tokyo, Japan (see fig. 1).

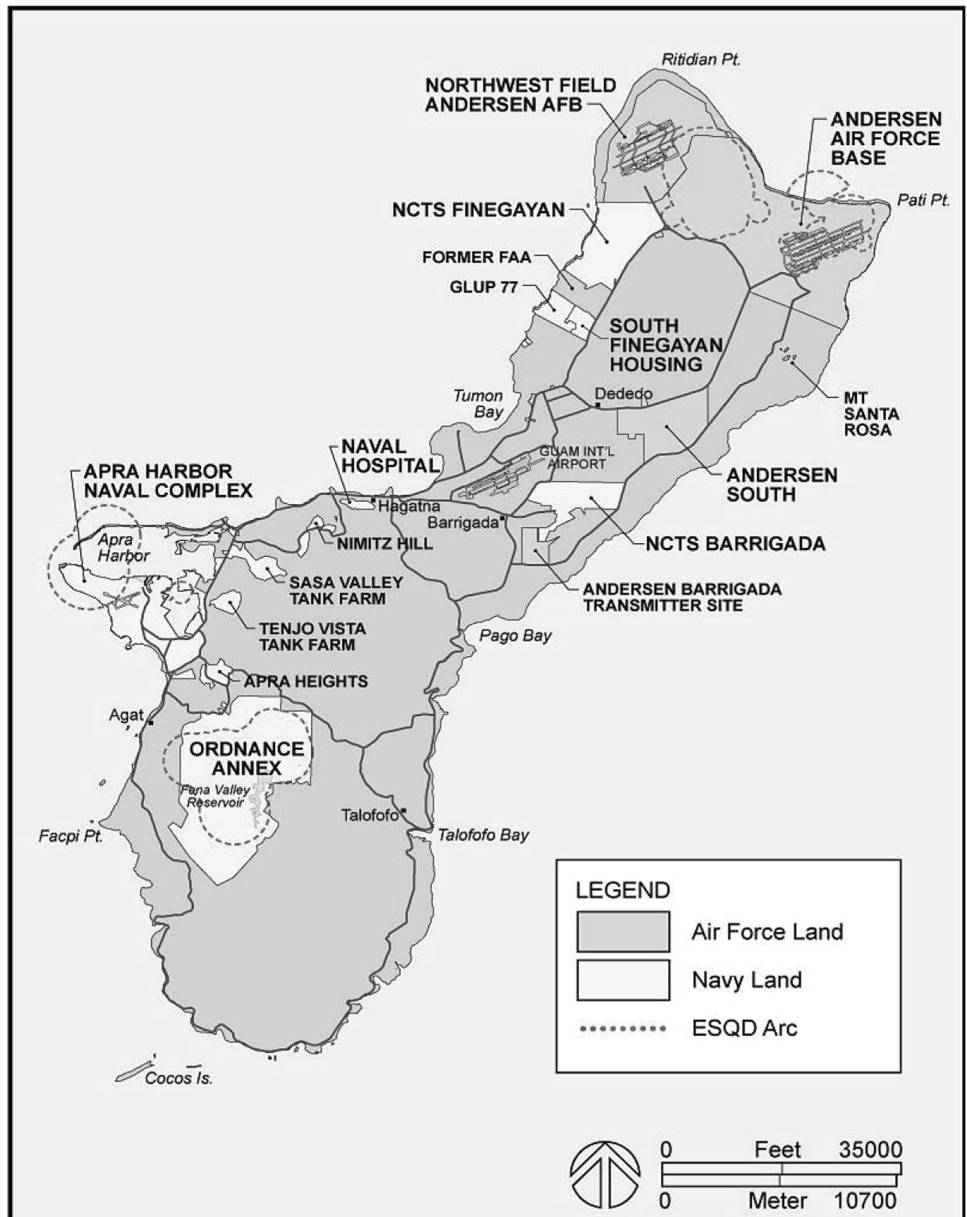
**Figure 1: Location of Guam**



Source: PACOM.

Given its strategic location, Guam is an integral part of DOD's logistical support system and serves as an important forward operational hub for a mix of military mission requirements. According to DOD, Guam provides strategic flexibility, freedom of action, and prompt global action for the Global War on Terrorism, peace and wartime engagement, and crisis response. About 29 percent of the land is controlled by DOD (see fig. 2), 52 percent is privately owned, and 19 percent is under the supervision of the Government of Guam.

**Figure 2: U.S. Military Installations on Guam**



Source: PACOM.

Notes: ESQD is the explosive safety quantity distance arc, which represents the prescribed minimum distance between explosive storing or handling sites and specified exposures, such as inhabited buildings and public highways. NCTS is the Naval Computer Telecommunications Station. GLUP 77, the Guam Land Use Plan 1977, refers to Navy land scheduled to be returned to the Government of Guam.



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## Requirements for the Overseas Master Plans and a Master Plan for the Military Buildup on Guam

In 2003, the Senate Appropriations Committee expressed concern that the overseas basing structure had not been updated to reflect the new realities of the post-Cold War world.<sup>13</sup> The committee has also expressed concern about the use of military construction budget authority for projects at bases that may soon be obsolete because of changes being considered in overseas presence and basing. Consequently, in Senate Report 108-82, the Senate Appropriations Committee directed DOD to prepare detailed, comprehensive master plans for the changing infrastructure requirements for U.S. military facilities in each of its overseas regional commands. According to the Senate report, at a minimum, the plans are to identify precise facility requirements and the status of properties being returned to host nations. In addition, the report stated that the plans should identify funding requirements and the division of funding responsibilities between the United States and cognizant host nations. The Senate report also directed DOD to provide congressional defense committees a report on the status and implementation of those plans with each yearly military construction budget submission through fiscal year 2008. Subsequently, the House conference report accompanying the 2004 military construction appropriation bill also directed the department to prepare comprehensive master plans with yearly updates through fiscal year 2009. The first report was due with the fiscal year 2005 military construction budget submission and is to be updated each succeeding year to reflect changes to the plans involving specific construction projects being added, canceled, or modified, or funding for those projects being redirected to other needs, and justification for such changes. The Senate report also directed GAO to monitor the comprehensive master plans being developed and implemented for the overseas regional commands and to provide the congressional defense committees with a report each year giving an assessment of the plans.

As initiatives for expanding U.S. military presence on Guam began to emerge, the Senate Appropriations Committee noted the ambitiousness of the military construction program and the need for a well-developed master plan to efficiently use the available land and infrastructure. In July 2006, the committee recommended deferral of two military construction projects at Andersen Air Force Base that were included in the President's budget request until such time as they can be incorporated into a master plan for Guam and viewed in that context. To that end, the committee directed the Secretary of Defense to submit to the appropriations

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<sup>13</sup>S. Rep. No. 108-82, at 10 (2003).

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committees a master plan for Guam by December 29, 2006, and a report accounting for the United States' share of this construction program to project-level detail and the year in which each project is expected to be funded.<sup>14</sup> The Senate report also directed GAO to review DOD's master planning effort for Guam as part of its annual review of DOD's overseas master plans.

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## DOD Organizations and Responsibilities

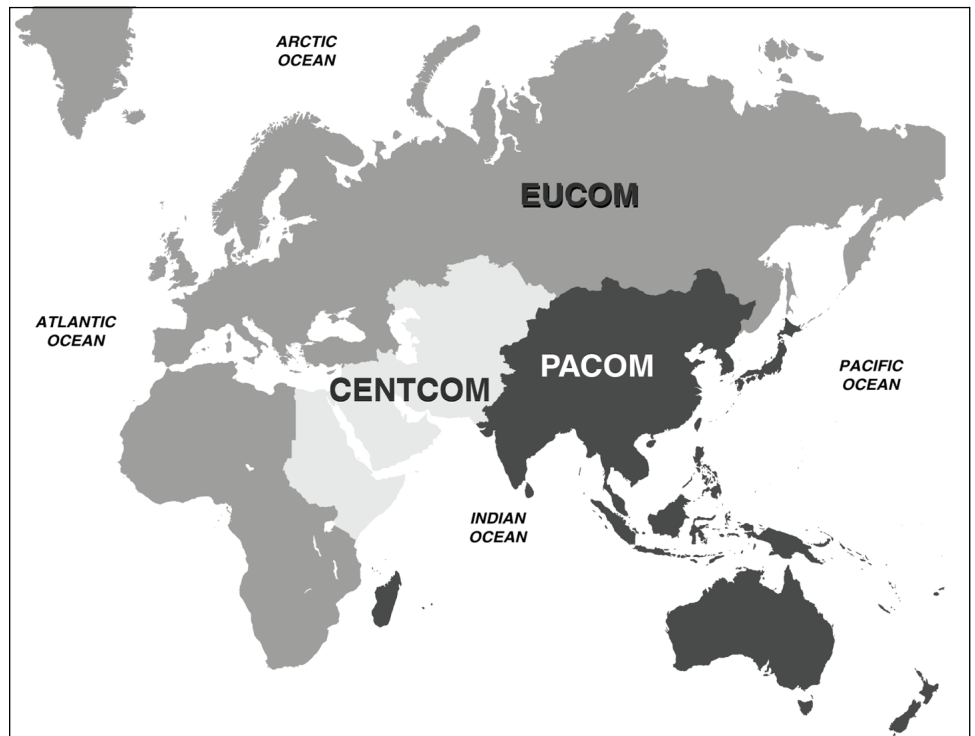
Within DOD, the Under Secretary of Defense for Acquisition, Technology, and Logistics was tasked to prepare the detailed, comprehensive master plans. In turn, the Under Secretary assigned the overseas regional combatant commands responsibility for preparing comprehensive master plans for their areas of responsibility. As shown in figure 3, PACOM coordinates East Asia and South Asia; EUCOM coordinates much of sub-Saharan Africa and Europe, as well as the Indian Ocean islands off the coast of southeast Africa; and CENTCOM coordinates efforts in the Middle East, the Horn of Africa, and Central Asia. Not shown are Northern Command, which coordinates activities in North America, and Southern Command, which coordinates activities in South America, Central America, and the Caribbean. We did not include Northern and Southern Commands in our review because they have significantly fewer facilities outside of the United States than the other regional commands in the Pacific, Europe, and Central Asia. There are also four functional unified combatant commands that are assigned worldwide functional responsibilities not bounded by geography: Special Operations Command, Strategic Command, Joint Forces Command, and Transportation Command.<sup>15</sup>

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<sup>14</sup>S. Rep. No. 109-286, at 15 (2006).

<sup>15</sup>The functional commands have few facilities outside the United States and are not required to issue master plans for changing infrastructure requirements at DOD overseas facilities.

**Figure 3: PACOM, EUCOM, and CENTCOM Geographic Areas of Responsibility**



Source: GAO analysis of DOD information.

Note: This map does not reflect the future establishment of the U.S. Africa Command. The Africa Command eventually will encompass the entire continent of Africa except for Egypt, which will continue to fall under CENTCOM's area of responsibility.

Initial implementation details for the movement of U.S. Marines to Guam and associated military construction projects took place under the leadership of PACOM. In August 2006, OSD directed the Navy to establish JGPO to facilitate, manage, and execute requirements associated with the rebasing of Marine Corps assets from Okinawa to Guam, including master planning efforts.<sup>16</sup> The office's responsibilities include integration of operational support requirements, development, program, and budget synchronization; oversight of the construction; and coordination of

<sup>16</sup> JGPO is responsible for implementation of the base realignment and closure decision to establish a joint base on Guam. This also includes the realignment of installation management functions at Andersen Air Force Base to the Commander, U.S. Naval Forces Marianas.

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government and business activities. Specifically, JGPO was tasked to lead the coordinated planning efforts among the DOD components and other stakeholders to consolidate, optimize, and integrate the existing DOD infrastructure capabilities on Guam. The office is expected to work closely with the Government of Japan and the local Guam government, other federal agencies, and Congress in order to manage this comprehensive effort and to develop a master plan. At the time of our review, JGPO and the Department of the Interior had formed a federal interagency task force in order to coordinate efforts to address issues relating to commerce, transportation, environment, and other areas. JGPO falls under the direct oversight of the Assistant Secretary of the Navy for Installations and Environment.

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## Prior GAO Work

In our prior work, we found that while DOD's master plans generally exceeded the reporting requirements established by Congress, opportunities existed for the plans to provide more complete, clear, and consistent information and to present a more definitive picture of future requirements.

- In 2006, we reported that the master plans did not always explain how their implementation could be affected by other relevant and related defense plans and activities because there is not a requirement for them to do so.<sup>17</sup> However without such explanations and linkage, it was difficult to determine the extent to which the master plans were coordinated and synchronized with other defense plans and activities and the effects these other activities have on the master plans in terms of infrastructure and funding requirements. We also reported that while the plans addressed a number of challenges that DOD faced in implementation—such as uncertainties with host nation relations and environmental concerns—PACOM's plan did not address training limitations in South Korea and Japan. We explained how some of these challenges could have a significant effect on infrastructure and funding requirements and, because the plans did not always describe such challenges and their potential effects, that Congress lacked the complete picture it needed to evaluate the annual military construction funding request.
- In 2005, we reported that without more complete, clear, and consistent reporting of various items—host nation agreements and funding levels, including special bilateral agreements; U.S. funding levels and sources in

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<sup>17</sup>[GAO-06-913R](#).

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addition to military construction funds; environmental remediation and restoration issues; population levels; and facility requirements and funding levels for Hawaii, Guam, U.S. territories, and other insular areas in the Pacific—across the master plans, Congress and other users did not have the best data available to facilitate their annual review and oversight.<sup>18</sup> Also, we reported that without the detailed information on individual construction projects and the anticipated strategic end state of the command's overseas basing infrastructure, Congress did not have the best available and consistent data on which to track progress and changes from year to year and between commands.

- In 2004, before DOD issued its initial overseas master plans, we reported that various factors, such as residual property value, environmental remediation, and the availability of multiple U.S. funding sources, could affect the funding of U.S. infrastructure overseas as well as the implementation of the plans once they were issued.<sup>19</sup> At that time, we recommended that the overseas regional commands address these and other factors in the development of their plans.

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## Master Plans Generally Reflect Changes in Overseas Basing Strategies and Requirements, Key Challenges, and Our Prior Recommendations

The fiscal year 2008 master plans, which provide infrastructure requirements at U.S. military facilities in each of the overseas regional commands' area of responsibility, reflect changes—to include recent decisions in the U.S. overseas defense basing strategies and requirements—and they generally describe the challenges that DOD faces in implementing the plans as well as our prior recommendations for improving the plans. The plans generally incorporate key changes associated with the continuing evolution of U.S. overseas basing strategies and provide a more comprehensive description of the challenges DOD faces in implementing the plans than in previous years. But while this year's plans provide information to respond to most of our prior recommendations, they do not address residual value—that is, the value of property being turned over to the host nation based on its reuse of property. Furthermore, PACOM's master plan does not describe the challenges the Air Force faces in training in South Korea, although it does describe for the first time the challenges addressing training limitations in Japan.

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<sup>18</sup> [GAO-05-680R](#).

<sup>19</sup> [GAO-04-609](#).

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## Plans Reflect Key Changes in Overseas Basing Strategies and Requirements

This year's master plans incorporated key changes—including some very recent changes—associated with the continuing evolution of U.S. overseas basing strategies and requirements. In the 2008 master plans, OSD recognized that further changes will result as it continues to implement the global defense posture decisions. The department reported that as the overseas political and military environment and strategic landscape further evolve, global defense posture plans will continue to mature to address new priorities. Specifically, several changes identified in the overseas master plans included updated information involving realignment initiatives in South Korea and Japan, DOD's efforts to establish missile defense in Eastern Europe, and the creation of U.S. Africa Command.

PACOM's master plan discussed the progress of dynamic realignment initiatives, which will relocate military personnel and facilities in South Korea and Japan. For example, last year PACOM reported that the U.S. and Japanese governments had established an interim agreement in October 2005 involving the realignment of U.S. forces in Japan. This year, PACOM updated this information by indicating that final implementation documents were approved in May 2006. In addition, PACOM described the importance of relocating 8,000 marines and their dependents from Okinawa to Guam, returning additional land to Japan, and retaining a forward Marine Corps command and control capability to ensure a balanced, flexible contingency response capacity within the Asia-Pacific region. With respect to South Korea, PACOM provided information updating the status of the Land Partnership Plan and the Yongsan Relocation Plan,<sup>20</sup> including a list of U.S. military camps and sites returned to the Government of South Korea, and describing the results from the October 2006 meeting between the Secretary of Defense and South Korea's Minister of Defense.

As a part of DOD's efforts to establish a U.S. presence in Eastern Europe through a network of forward operating sites and cooperative security locations, EUCOM's master plan stated that the United States signed individual agreements with the governments of Romania and of Bulgaria in

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<sup>20</sup> As discussed in our prior reports, within the provisions of the Land Partnership Plan and the Yongsan Relocation Plan, USFK intends to strengthen its overall military effectiveness by consolidating installations north of Seoul, including the Yongsan Army Garrison located in the Seoul metropolitan area, into two major hubs in the central and southern sections of South Korea. USFK expects the consolidation and relocation of thousands of soldiers to increase readiness, efficiencies, and cost savings; enhance quality of life; provide a less-intrusive presence; and increase training opportunities.

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2005 and 2006, respectively, which will allow DOD access to facilities and training sites. EUCOM also provided additional details, such as the mission, planned capabilities, equipment and aircraft, and population. Furthermore, EUCOM provided a status of ongoing transformation realignments in its area of responsibility, including listing the return of facilities to host nations, changes to its basing categories, and the rationale for these realignments. The master plans also described recent efforts to proceed with formal negotiations with the governments of Poland and the Czech Republic on establishing missile defense sites.

This year, DOD forecasted changes for next year's master plans involving the development of a new command responsible for Africa, which is expected to be established by September 30, 2008. The President announced in February 2007 that the U.S. military will establish a new, separate U.S. Africa Command to enhance security cooperation, extend humanitarian assistance, and build partnership capacity on the African continent. At the time of our review, U.S. involvement in Africa is shared among three combatant commands. PACOM is responsible for Madagascar, the Seychelles, and the Indian Ocean area off the African coast. EUCOM is responsible for the largest swath of the continent: North Africa; West Africa, including the Gulf of Guinea; and central and southern Africa. CENTCOM covers the Horn of Africa—including Somalia, Ethiopia, Eritrea, Kenya, Djibouti, and Sudan. There are 13 cooperative security locations throughout Africa that historically have been identified in the EUCOM master plan. The new U.S. Africa Command eventually will encompass the entire continent of Africa except for Egypt, which will continue to fall under CENTCOM's area of responsibility. Discussions are ongoing on the possible headquarters location and what kinds of military forces would be assigned to the command.

This year, the changes identified in the plans provided useful information on evolving costs and facility requirements in overseas basing. In addition, the commands continue to focus first on the mission and then on the infrastructure requirements needed to support the mission. For example, in CENTCOM's master plan, the descriptions of each forward operating site focus first on the mission and then on requirements by providing the type of mission the site has (such as providing logistical support), the unit that it could host, and its role in the region (such as supporting the war against terrorism or strengthening capabilities for rapid and flexible response in the central Asian states), as well as identifying the requirements for equipment and facilities to support the mission at the site. All of the commands provide similar information for their main

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operating bases, forward operating sites, and cooperative security locations.

Even with the department's effort to update the plans as changes occurred and decisions were made, the evolution of U.S. overseas defense basing strategies and requirements continues. Accordingly, OSD and the regional commands will be faced with more changes in the future, and the changes occurring after this year's plans were submitted to Congress will have to be reflected in next year's plans.

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## Plans Generally Reflected Key Challenges

The fiscal year 2008 master plans discussed a number of challenges that DOD faces in the implementation of the plans, such as uncertainties with host nation relations and environmental concerns. In our prior reports, we explained how these challenges could have an effect on infrastructure and funding requirements and, because the prior plans did not always describe such challenges and their potential effects, that Congress lacked the complete picture it needed to evaluate the annual military construction funding requests. This year, the plans provided a much more comprehensive description of challenges and the potential effects on implementation.

## This Year's Plans Provided More Complete Descriptions of Host Nation Relations

All of the regional commands describe to varying degrees the status of recent negotiations and agreements with host nations in their fiscal year 2008 master plans. In our review of the overseas master plans in 2005, we found that none of the commands fully explained the status of or challenges to finalizing host nation agreements and recommended that the commands briefly explain the status of negotiations with host nations to provide more complete and clearer plans. These agreements depend largely on the political environment and economic conditions in host nations and can affect the extent of host nation support—access to facilities or funding—to U.S. forces. Accordingly, the resulting agreements may increase or decrease U.S.-funded costs for future infrastructure changes. For example, this year:

- PACOM's master plan updated information on the results of the Defense Policy Review Initiative, including the importance of certain initiatives, such as the replacement of the Marine Corps Air Station Futenma in hopes that it will lessen the effect of military aviation operations on the local citizens of Japan. In addition, U.S. Forces Japan identified decreasing funds for the Japanese facilities improvement program, historically the source of major construction on U.S. bases in Japan. U.S. Forces Japan anticipates the Government of Japan will continue to decrease these funds



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on the basis that in addition to this program and other forms of host nation support (i.e., utilities and Japanese labor force), the Government of Japan is also responsible for providing funding for the Defense Policy Review Initiative. Potential Government of Japan financial constraints may result in U.S. facilities in Japan requiring more financial support from the U.S. government than in the past. In addition, USFK provided details on current realignment efforts, including the Government of South Korea's approval of the Land Partnership Plan and Yongsan Relocation Plan and efforts to coordinate the transfer of U.S.-vacated bases. The plans also discussed USFK's efforts to work with South Korea to complete the transition of wartime operational control from the United States to South Korea in the future.

- EUCOM's master plan identified specific information on efforts to close or return installations, such as Naval Air Station Keflavik, Iceland; Naval Support Activity La Maddalena, Italy; selected sites in Germany, Belgium, and Turkey; and several classified locations in the region. The plan also recognized that current U.S. basing may not adequately support either strategic changes in an expanding North Atlantic Treaty Organization Alliance or the requirements of a rapidly changing area of responsibility while seeking to preserve assets with enduring value to its missions, goals, and national interests. EUCOM also explained that its transformation execution depends on host nation negotiations, political-military considerations, base realignment and closure, and fiscal limitations.
- CENTCOM's master plan discussed efforts to solicit host nation contributions and the amount of coordination and support that is needed from DOD, the State Department, and Congress. The plan discussed the challenge of ongoing operations in Iraq and Afghanistan and CENTCOM's intention to sustain long-term access to locations across its area of responsibility. The plan also reflected land return actions in Kuwait and Uzbekistan and changes to base category designations, such as consolidation of a cooperative security location into a forward operating site, both of which support surge capability for ground force support.

**This Year's Plans Provided  
Better Descriptions of  
Environmental Challenges**

All of the commands addressed the extent of their environmental challenges in this year's overseas master plans. In contrast, during our review of the overseas master plans in 2005, none of the commands identified environmental remediation and restoration issues. This year, PACOM provided information on remediation actions taken by USFK before returning installations to South Korea, such as skimming fuel from groundwater at five camps. Last year, USFK also discussed its efforts to coordinate with the Government of South Korea on remediation of vacated U.S. bases; officials expect these efforts will accelerate the return

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of vacated facilities and areas to the Government of South Korea and the relocation of U.S. forces from Seoul and other locations.<sup>21</sup> This year, EUCOM identified areas for cleanup, groundwater investigation, and monitoring and discussed contamination at one site that did not present an unacceptable risk to human health or the mission. Last year, CENTCOM did not report any environmental issues. Though a senior CENTCOM official said that there were no environmental issues last year in the command's area of responsibility, this year, CENTCOM's master plan identified funding requirements for a wastewater treatment plant and a water treatment and distribution system at Bagram Airfield, Afghanistan, in hopes of avoiding potential environmental problems. The extent to which the commands provide information involving environmental activities provides the users of the plans with the ability to compare and comprehend how costs have varied and how these costs may affect planned U.S. funding levels.

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### Plans Generally Reflect Our Prior Recommendations

The fiscal year 2008 overseas master plans have been updated to reflect our prior recommendations for improving the plans, though they do not address the issue of residual value as we recommended in 2004. To improve the overseas master plans and address our recommendations from last year, OSD provided additional guidance on October 12, 2006, to the regional commands in preparing this year's plans. As a result, the fiscal year 2008 master plans identify how implementation of the plans could be affected by other relevant and related defense plans and activities. For example, PACOM's force structure plans are linked to the military buildup on Guam and CENTCOM's increased troop strength and facilities in Iraq and Afghanistan are linked to ongoing operations. In addition, the commands generally provided more detailed information on a variety of key areas, such as precise facility requirements and costs, time frames for an end state, base categories, host nation funding levels, and effects of other defense activities. For example:

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<sup>21</sup>On April 7, 2006, USFK announced a plan for the return of facilities and areas that have been vacated by the command to the Government of South Korea. This plan includes a number of measures designed to address issues identified in joint South Korea and U.S. environmental surveys of these vacated facilities and areas. For example, the plan calls for the United States to remove underground fuel storage tanks to preclude future leaks and initiate a technology process for skimming fuel from the groundwater at locations where this contamination was found.

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- **Facility requirements and costs.** This year, all of the regional commands identified their precise facility requirements and costs for fiscal year 2008 and for fiscal years 2009 through 2013, and reported estimated facility sustainment costs for fiscal year 2008. In addition, CENTCOM provided information on supplemental appropriations for facilities and projects at Bagram Airfield, Afghanistan.
  - **Base categories.** This year, all of the commands categorized their installations into applicable base categories of main operating base, forward operating site, and cooperative security location,<sup>22</sup> which provided users a clearer picture of the infrastructure plans and requirements at these sites. The commands also supplemented the information on base categories with detailed data on the installations' capabilities, overall mission, population, and types of equipment and facilities located at each site. For example, CENTCOM and EUCOM also identified adjustments to the base categories, such as redesignating a main operating base as a forward operating site or consolidating two cooperative security locations into one. EUCOM also provided specific details on sites no longer considered cooperative security locations in Bulgaria, Romania, and Poland, such as sites with no operational importance and a commercial facility readily available for military use that did not require U.S. investment or presence.
  - **End state date.** This year, all of the commands identified a common strategic end state date of 2013, which identifies the last fiscal year of the construction time frame. The strategic end state date of 2013 provides users a more complete and clearer basis for tracking progress in meeting the command infrastructure objectives for their areas of responsibility. Previously, OSD had provided the commands the discretion in choosing an end date from 2011 to 2015.

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<sup>22</sup>Overseas master plans defined the bases categories as the following: (1) main operating base, a facility outside the United States and U.S. territories with permanently stationed operating forces and robust infrastructure and characterized by command and control structures, enduring family support facilities, and strengthened force protection measures; (2) forward operating site, a scalable location outside the United States and U.S. territories intended for rotational use by operating forces with limited U.S. military support presence and possibly pre-positioned equipment; and (3) cooperative security location, a facility located outside the United States and U.S. territories with little or no permanent U.S. presence that is maintained with periodic service, contractor, or host nation support. Cooperative security locations provide contingency access, logistics support, and rotational use by operating forces and can be a focal point for security cooperation activities.

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- **Host nation funding levels.** This year, all of the commands reported host nation funding levels at the project level for fiscal year 2008 and at the aggregate level for fiscal years 2009 through 2013, which provided users a better basis to determine the extent to which U.S. funding is needed for facility requirements. Also, PACOM identified host nation funding for its bilateral agreements in South Korea, such as the Land Partnership Plan and the Yongsan Relocation Plan. On the other hand, PACOM did not identify specific host nation funding from the Defense Policy Review Initiative—while the Government of Japan’s share for the Guam relocation is \$6.1 billion, the Government of Japan has not made an official, public estimate of the costs for several major realignments within Japan. Although, in relation to this initiative, the command did identify the need for U.S. military construction funds to support realignment costs not paid by the Japanese government. EUCOM provided information on North Atlantic Treaty Organization contributions and discussed a burden-sharing arrangement with the Government of Norway. CENTCOM also provided host nation estimates and explained that its efforts to attain host nation funding were ongoing.
  - **Effects of other defense activities.** This year, all of the commands described the effects of other defense activities on implementation of their master plans. Last year, only PACOM’s plan gave some indication of how its implementation could be affected by another activity—the potential decrease in traditional Japanese construction funding that would help Japan offset its Defense Policy Review Initiative costs, such as those associated with the relocation of U.S. Marines to Guam. This year, PACOM discussed this topic as well as the progress of bilateral negotiations with Japan and challenges associated with this realignment. Last year, EUCOM’s master plan did not explain the potential effect of implementing base realignment and closure recommendations on the movement of troops from Germany to bases in the United States, commonly called overseas rebasing. EUCOM and Army officials told us that any delay in the implementation of base realignment and closure recommendations would cause them to delay the movement of Army servicemembers and their families if facilities were not available at receiving installations in the United States. This would delay the closings of Army installations in Europe and increase costs to operate those installations while they remain open. This year, the overseas master plan identified that the base realignment and closure recommendations supported overseas restructuring and that EUCOM’s transformation depends on this effort. Last year, CENTCOM’s master plan only made general references to operations in Iraq and did not fully explain the potential effects of such operations on other installations and facility requirements outside of Iraq in its area of responsibility. This year, CENTCOM officials emphasized that

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infrastructure requirements in their master plan directly supported and responded to ongoing operations in Iraq and Afghanistan, in terms of increased troop strength and its facilities requirements in theater. In addition, CENTCOM's plan identified how future basing and infrastructure will be defined by ongoing contingencies and global defense posture.

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## Two Areas of Concern Continue to Be Overlooked

While the overseas master plans have continued to evolve and have provided more comprehensive data every year since 2004, two key topics continue to be omitted from the plans. First, the master plans do not address the issue of residual value—the value of property being turned over to the host nation based on its reuse of property. As we reported last year, residual value was excluded from OSD's guidance because it is based on the reuse of property being turned over to the host nation, which is limited for most categories of military facilities and is often reduced by actual or anticipated environmental remediation costs. Consequently, as we have noted in the past,<sup>23</sup> DOD officials believe that residual value cannot be readily predicted and therefore should not be assumed in the master plans. However, since these issues vary by host nation and may not be clear to all users of the plans, we continue to believe that OSD should require commands, at a minimum, to explain the issues with obtaining residual value in each host nation and report the implications for U.S. funding requirements. Also, the U.S. government has received approximately \$592 million since 1989 in residual value and payment-in-kind compensation from property returns in EUCOM's area of responsibility, and EUCOM continues to aggressively seek compensation for U.S. capital improvements at installations returned to host nations. As EUCOM continues to return facilities in Germany, Italy, and Iceland, this figure may increase. Accordingly, we continue to believe that residual value should be addressed in the master plans.

Second, while PACOM's master plan provided details on other challenges, it did not describe the challenges the command faces in addressing training limitations for the Seventh Air Force in South Korea, although senior officials told us that these limitations could cause the United States to pursue alternatives, such as training in other locations, downsizing, or relocating, which could affect overseas basing plans. Specifically, we found that the PACOM master plan did not point out that the Seventh Air Force in South Korea may be unable to maintain combat capability in the

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<sup>23</sup> [GAO-04-609](#).

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long term because of a lack of adequate air-to-surface ranges, according to senior Air Force and USFK officials. For decades, the Government of South Korea has attempted to relocate the Koon-Ni range, which had served as the primary air-to-ground range for the Seventh Air Force. The air and ground range management of the Koon-Ni training range was transferred to the Government of South Korea, which closed the range in August 2005. While there is an agreement with the Government of South Korea to train at other ranges, according to senior Air Force and USFK officials, the other ranges do not provide electronic scoring capabilities necessary to meet the Air Force's air-to-surface training requirements and there is difficulty in scheduling these ranges. As a result, the Air Force has been using ranges in Japan and Alaska to meet its training requirements, which results in additional transportation costs to the U.S. government. In May 2007, officials said that some progress had been made in addressing the Air Force's training challenges in South Korea and that they expected the needed upgrades to be completed by mid-2007. In contrast, the PACOM plan described the training limitations involving bombing and live fire training ranges and the effects of airspace access restrictions in Japan on C-130 training. In addition, the plan discusses how noise and land use sensitivities and maneuver area limitations in Okinawa require U.S. forces to deploy to other Pacific Rim locations to supplement their training, which results in additional transportation requirements and costs. The plan also discussed efforts by U.S. Forces Japan and the Government of Japan to engage in bilateral discussions to address training shortfalls and explore solutions.

We have previously recommended that overseas regional commands address residual value issues and that PACOM explain how it plans to address existing training limitations in our prior reports. We believe that identifying these issues would make Congress aware of potential challenges to obtaining residual value and to training U.S. forces in South Korea, which may affect facility requirements and funding in this country. Even though our prior recommendations have not been fully addressed, we continue to believe that they have merit and that Congress would benefit from disclosure of this information.

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## Planning Effort for Guam Is in Its Initial Stages with Many Key Decisions and Challenges to Be Addressed

DOD's planning effort for the buildup of military forces and infrastructure on Guam is in its initial stages, with many key decisions and challenges yet to be addressed. While the *Guam Integrated Military Development Plan* provides information on the projected military population, units, and infrastructure that may be needed for the Guam realignments, it lacks specific information and is not intended to be a master plan. Additional time is needed for DOD to address several challenges before JGPO can develop a Guam master plan. First, the required environmental impact statement—which will take up to 3 years to complete, according to DOD documents and officials—was initiated on March 7, 2007. According to DOD officials, the results of this environmental impact statement will influence many of the key decisions on the exact location, size, and makeup of the military infrastructure development on Guam. Second, exact size and makeup of the forces to be moved to Guam are not yet identified. Third, DOD officials said that additional time is needed to fully address the challenges related to funding uncertainties, operational requirements, and Guam's unique economic and infrastructure requirements. At the same time, DOD has not established a comprehensive and routine process to keep Congress informed on its progress in dealing with these issues and the overall status of implementing the military buildup on Guam.

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## Planning Effort Is in Initial Stages

While the *Guam Integrated Military Development Plan* provides the best available information on the projected military population, units, and infrastructure that may be needed for future Guam realignments, DOD officials told us that their planning effort was still in its initial phases with many key decisions and challenges yet to be addressed. In July 2006, PACOM issued its Guam development plan—a notional document describing the future development of the military services on Guam over the next decade and beyond. The plan is based upon a notional force structure that was used to generate land and facility requirements for basing, operations, logistics, training, and quality of life involving the Marine Corps, Army, Air Force, Navy, and Special Operations Forces in Guam. DOD officials told us that the plan was not a master plan because it did not include specific information on facility requirements, associated costs, and a timeline for specific actions and was not intended to meet the requirement to provide a master plan to both congressional appropriations committees by December 2006.<sup>24</sup> In addition, the development plan does

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<sup>24</sup>S. Rep. No. 109-286, at 15 (2006).

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not direct individual service programming actions or provide for specific funding requirements. According to DOD documents and officials, additional detailed service and joint planning will be required to identify specific facility, infrastructure, and funding requirements and address the challenges associated with the military buildup.

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### Environmental Impact Statement Process Affects Development and Timing of a Guam Master Plan

Among the challenges to be addressed before JGPO can develop a Guam master plan is to complete the required environmental impact statement. According to DOD officials, the results of the environmental statement—which could take up 3 years to complete—will affect many of the key decisions on the exact location, size, and makeup of the military infrastructure development.

On March 7, 2007, the Navy issued a public notice of intent to prepare an environmental impact statement pursuant to the requirements of the National Environmental Policy Act of 1969<sup>25</sup> (NEPA), as implemented by the Council on Environmental Quality Regulations,<sup>26</sup> and Executive Order 12114. The notice of intent in the *Federal Register*<sup>27</sup> states that the environmental impact statement will:

- Examine the potential environmental effects associated with relocating Marine Corps command, air, ground, and logistics units (which comprise approximately 8,000 marines and their estimated 9,000 dependents) from Okinawa to Guam. The environmental impact statement will examine potential effects from activities associated with Marine Corps units' relocation to include operations, training, and infrastructure changes.
- Examine the Navy's plan to enhance the infrastructure, logistic capabilities, and pier/waterfront facilities to support transient nuclear aircraft carrier berthing at Naval Base Guam. The environmental impact statement will examine potential effects of the waterfront improvements associated with the proposed transient berthing.
- Evaluate placing a ballistic missile defense task force (approximately 630 servicemembers and 950 family members) in Guam. The environmental impact statement will examine potential effects from activities associated

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<sup>25</sup>National Environmental Policy Act of 1969, codified as amended at 42 U.S.C. § 4321-4347.

<sup>26</sup>40 C.F.R. pts. 1500-1508.

<sup>27</sup>72 Fed. Reg. 10186-7 (Mar. 7, 2007).



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with the task force to include operations, training, and infrastructure changes.

DOD officials recognize that the results of this environmental assessment process may affect the development and timing of DOD's plan for Guam.<sup>28</sup> Under NEPA<sup>29</sup> and the regulations for implementing NEPA established by the Council on Environmental Quality,<sup>30</sup> an environmental impact statement must include a purpose and need statement, a description of all reasonable project alternatives and their associated environmental impacts (including a "no action" alternative), a description of the environment of the area to be affected or created by the alternatives being considered, and an analysis of the environmental impacts of the proposed action and each alternative.<sup>31</sup> Further, accurate scientific analysis, expert agency comments, and public scrutiny are essential to implementing NEPA. For example, federal agencies such as DOD are required to ensure the professional integrity, including scientific integrity, of the discussions and analyses in the environmental impact statement. Additionally, after preparing a draft environmental impact statement, federal agencies such as DOD are required to obtain the comments of any federal agency that has jurisdiction by law or certain special expertise and request the comments of appropriate state and local agencies, Native American tribes, and any agency that has requested that it receive such statements. Until an agency issues a final environmental impact statement and record of decision, it generally may not take any action concerning the proposal that would either have an adverse environmental impact or limit the choice of reasonable alternatives. DOD officials stated that performing these alternative site analyses and cumulative effects analyses will delay the Guam master plan's completion. Based on the expected completion of the

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<sup>28</sup>The primary purpose of an environmental impact statement is to serve as an action-forcing device to ensure that the policies and goals defined in NEPA are infused into the ongoing programs and actions of the federal government. Further, regulations for implementing the act established by the Council on Environmental Quality specify that to the fullest extent possible, agencies shall prepare draft environmental impact statements concurrently with and integrated with other environmental impact analyses and related surveys and studies required by the Fish and Wildlife Coordination Act, the National Historic Preservation Act of 1966, the Endangered Species Act of 1973, and other environmental review laws and executive orders. See 40 C.F.R. § 1502.25.

<sup>29</sup>40 C.F.R. § 1500-1508.

<sup>30</sup>National Environmental Policy Act of 1969, codified as amended at 42 U.S.C. § 4321-4347.

<sup>31</sup>40 C.F.R. § 1502.13-1502.16.

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environmental impact statement, according to JGPO officials, the master plan may not be completed until fiscal year 2009.

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### Exact Size and Makeup of Forces to Move to Guam Are Not Yet Decided

The exact size and makeup of the forces to move to Guam and the housing, operational, quality of life, and services support infrastructure required are not yet fully known and are expected to be identified and assessed during the parallel environmental analysis and the individual service and joint planning processes.

While DOD identified some Marine Corps units for relocation as a part of realignment initiatives, there are assessments still under way to determine the optimal mix of units in Guam and in Okinawa. The following Marine Corps units have been identified for relocation to Guam: Third Marine Expeditionary Forces Command Element, Third Marine Division Headquarters, Third Marine Logistics Group Headquarters, 1st Marine Air Wing Headquarters, and 12th Marine Regiment Headquarters. The Marine Corps forces remaining on Okinawa will consist of Marine Air-Ground Task Force elements, such as command, ground, aviation, and combat service support, as well as a base support capability. Approximately 10,000 marines plus their dependents are expected to remain on the island of Okinawa following the realignment of forces to Guam. While these broad estimates provide a baseline, according to officials we visited, the Marine Corps is still determining the specific mix of units and capabilities needed to meet mission requirements on both Guam and Okinawa. The mix of units is significant because, according to Marine Corps officials, the functional and base support requirements will be based on the type, size, and number of units that will relocate to Guam. This determination will define the training and facility requirements, such as barracks, family housing, schools, and other infrastructure. In response to the ongoing assessment by the Marine Corps, a JGPO official said that the office was initiating a master plan that will reflect the building of flexible infrastructure that could accommodate any type of military units that may relocate to Guam. However, in the absence of information on the number and mix of forces, it will be difficult to provide an accurate assessment of specific facility requirements to support the Guam realignment actions.

DOD is still determining requirements for berthing a transient aircraft carrier and the exact size and mix of the Army missile defense task force as well as the infrastructure requirements. In the future, the Navy is planning on periodically berthing an aircraft carrier in Guam and the support facilities needed for this ship are still being determined. According to Navy officials, a new carrier pier with additional capabilities will need

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to be constructed in order to accommodate this plan. Additionally, most of the aircraft from the aircraft carrier will also require temporary beddown at Andersen Air Force Base, which may cause additional facilities requirements. The Army is also planning on basing a ballistic missile defense task force in Guam, though the size and mix of this task force as well as the infrastructure requirements are still being determined. At the time of this review, Army officials projected that the missile defense site will be located at Andersen Air Force Base but acknowledged that the site may be located elsewhere depending on the capability that will be brought to Guam.

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## Additional Time Is Needed to Fully Address Several Challenges

DOD faces several significant challenges associated with its master planning effort for Guam, including funding requirements, operational challenges, and community impacts that could adversely affect the development and implementation of the master plan.

### Funding Requirements

Funding requirements for the military buildup on Guam are yet not fully identified and may be difficult to meet given other priorities and existing funding constraints, according to DOD officials. DOD agencies, such as the Defense Logistics Agency and Defense Education Activity, that will help support the services' influx of personnel, missions, and equipment to Guam will likely incur additional costs that are not yet included in the current DOD \$13 billion cost estimate for military buildup on Guam. According to DOD officials, this cost estimate includes the costs to move Marine Corps forces from Okinawa to Guam, to construct a Navy pier for a transient aircraft carrier, and to station an Army ballistic missile defense task force. However, it does not include the costs of other defense agencies to support the additional military personnel and dependents on Guam. According to JGPO, these costs will eventually be identified once further information is available on the master plan.

Within the current DOD \$13 billion cost estimate, the Marine Corps move from Okinawa to Guam is estimated to cost about \$10.3 billion. Of this amount for the move, the Government of Japan has agreed to contribute about \$6.1 billion to develop facilities and infrastructure on Guam. Nearly half of Japan's contribution, or \$2.8 billion, is expected to be direct contributions while the remaining \$3.3 billion will consist of investment incentives for family housing and on-base infrastructure, such as utilities, which over time could be recouped by Japan in the form of rent or service charges. For example, the Government of Japan will finance construction of family housing units in Guam, but these construction costs will be reimbursed by payments from the servicemembers' housing allowance

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using U.S. funds. Furthermore, the Government of Japan's funds will not be made available until it has agreed to specific infrastructure plans for Guam. In addition, DOD officials recognize that the failure or delay of one plan outlined in the Defense Policy Review Initiative may affect another, since various planning variables need to fall into place in order for the initiative to move forward. For example, DOD officials expect that if the Futenma replacement facility in Okinawa (a facility intended to replace the Marine Corps Air Station Futenma and estimated to cost from \$4 billion to \$5 billion) is not built, the Marine Corps relocation to Guam may be delayed. DOD officials view the success of the Futenma replacement facility as a key objective of the initiative that will need to be completed in order for other realignment actions to take place. The Government of Japan may encounter challenges in funding its share of the Marine Corps move considering Japan's other national priorities and its commitments associated with funding several other major realignments of U.S. forces in Japan under the Defense Policy Review Initiative. At the time of our review, the Japanese legislature had approved \$228 million for planning and initial construction funds for force posture realignments, including efforts for project planning in Guam, and authorized the Japan Bank for International Cooperation to invest in businesses for Guam development.

DOD officials also expressed concern regarding the department's ability to obtain a continuous flow of funds adequate to pay its share of the current \$13 billion cost estimate for military buildup on Guam in light of ongoing operations and funding constraints and challenges. These officials said that obtaining funding for the military buildup on Guam at current estimated levels will be difficult because of the pressures the department faces in funding other defense priorities and activities, including the ongoing operations in Iraq and Afghanistan and procurement costs for weapons systems. Also, there are other costs not included in the \$13 billion cost estimate associated with the Marine Corps' move to Guam that will increase overall costs. Historically, for example, the Government of Japan has paid a large portion of the operation and maintenance costs of the Marine Corps in Okinawa in the form of host nation support that will be borne solely by DOD after the move. For example, the DOD Inspector General reported that the relocation to Guam will increase the Marine Corps' annual funding requirements by \$465 million for operations and maintenance costs currently borne by the Government of Japan and for the costs of the additional strategic lift needed after the move.

Additional costs will be incurred from building facilities that will house equipment and aircraft during inclement weather, and there may be additional incidental maintenance costs as a result of damage from

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typhoons and seismic shocks. Guam is located in an area of the Pacific commonly referred to as Typhoon Alley, where on average 31 tropical storms develop annually. Also, earthquake risk in Guam is caused by the island's proximity to the Mariana Trench, which leads to earthquakes throughout the region. Marine Corps officials stated that in estimating Guam facility development costs, DOD took into account that additional costs will occur when constructing to Guam's typhoon and seismic standards—including concrete and structural reinforcement and providing backup and redundant utility systems. Estimated costs to build infrastructure in Guam are based on the *DOD Facilities Pricing Guide*. The area cost factors identify Guam as one of the more expensive locations for military construction in comparison with other locations in the United States and its territories. Specifically, the construction costs for Guam are 2.64 times more expensive than the baseline average presented in the *DOD Facilities Pricing Guide*.<sup>32</sup> The area cost factor is used by planners to adjust average historical facility costs to a specific project location, taking into consideration the costs of construction material, labor, and equipment, along with factors such as weather, climate, seismic conditions, mobilization, overhead and profit, labor availability, and labor productivity for each area. In addition, Marine Corps officials expect there will be additional facility repair costs periodically as a result of damage from typhoons and seismic shocks.

## Operational Challenges

Several operational challenges, such as providing appropriate mobility support and training capabilities to meet Marine Corps requirements, have not been fully addressed. For example, according to Marine Corps Forces, Pacific, officials, the Marine Corps in Guam will depend on strategic military sealift and airlift to reach destinations in Asia that will be farther away than was the case when the units were based in Okinawa. The Marine Corps depends on strategic lift for its operational and training-related movement needs, including transportation of forces and equipment. For example, in a contingency operation that requires sealift, the ships may have to deploy from Sasebo, Japan, or another location to transport soldiers and equipment in Guam and then return to the area of responsibility where the contingency is taking place. According to Marine Corps officials, amphibious shipping capability and airlift capacity are needed in Guam, which may include expanding staging facilities and

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<sup>32</sup>The baseline average is 1.00, representing the average cost of construction at U.S. and overseas locations. In 2004, the baseline average was computed on the basis of construction costs at 202 U.S. locations and 91 overseas locations.

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systems support for both sealift and airlift. The Marine Corps estimated additional costs for strategic lift operating from Guam to be nearly \$88 million annually.

Existing training facilities and ranges on Guam are not sufficient to meet the training requirements of the projected Marine Corps force. A DOD analysis of training opportunities in Guam concluded that no ranges on Guam are suitable for the needs of the projected Marine Corps force, because of inadequacy in size or lack of availability. The services are in the process of conducting a training study that includes Guam and the Commonwealth of the Northern Mariana Islands<sup>33</sup> to assess the options for training in the region. Marine Corps Forces, Pacific, officials stated that live fire artillery training, amphibious landings, and tracked vehicle operations will be challenging because of the combination of factors associated with the limited size of training areas available on the Northern Mariana Islands and the associated environmental concerns. Still, they are optimistic that the study, which will include environmental limitations, facility requirements, real estate requirements, and estimated costs, will result in the identification and development of new training areas.

## Economic and Infrastructure Requirements

The effects of the increase in military forces, in terms of population and military infrastructure, on Guam's unique economic and infrastructure requirements have not been fully addressed. The current population of Guam is estimated to be 171,000, and the projected future military population could increase it by more than 15 percent. The active duty military personnel and dependent population is estimated at 14,195 in Guam, and it is expected to increase to 39,130—an increase of 176 percent (see table 1).

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<sup>33</sup>The Commonwealth of the Northern Mariana Islands is a self-governing commonwealth of the United States that administers its own local government functions under its own constitution. The commonwealth consists of 14 islands—Rota, Saipan, Tinian, and others—located north of Guam.

**Table 1: Proposed Increase in the Numbers of Active Duty Military Personnel and Dependents on Guam**

Service/unit	Baseline (current population)			Proposed plan		
	Active duty	Dependents	Total	Active duty	Dependents	Total
Marine Corps	3	2	5	8,000	9,000	17,000
Air Force	1,930	2,280	4,210	4,560	3,730	8,290
Navy	4,350	5,230	9,580	5,600	5,280	10,880
Army	30	50	80	630	950	1,580
Coast Guard	140	180	320	170	230	400
Special Operations				350	630	980
<b>Total</b>	<b>6,453</b>	<b>7,742</b>	<b>14,195</b>	<b>19,310</b>	<b>19,820</b>	<b>39,130</b>

Source: PACOM.

Note: GAO analysis of PACOM data presented in the *Guam Integrated Military Development Plan*. Baseline numbers represent active duty personnel stationed in Guam as of March 31, 2005.

The population could also swell further because DOD's estimates do not include DOD civilians, contractors, or Navy transient personnel from an aircraft carrier. According to Navy officials, transient personnel from an aircraft carrier could add as many 5,000 personnel on Guam during a port call. The sum of these increases is expected to have significant effects on Guam's unique economic and infrastructure requirements. For example:

- Construction capacity.** As a result of Guam realignment actions, the construction demands for infrastructure will exceed the availability of local contract labor on the island, though the extent to which the Guam local community and foreign workers can meet this increase has yet to be determined. Historically, construction capacity on Guam has been approximately \$800 million per year, as compared with the estimated construction capacity of more than \$3 billion per year projected to be needed to meet the fiscal year 2014 completion date for realignment actions. Preliminary analysis indicates that 15,000 to 20,000 workers will be required to support the development on Guam. Consequently, the increased demand for workers may require workforce training for the local population and possibly a need for foreign workers. Foreign workers would have to temporarily enter the United States on temporary nonagricultural workers visas, capped at 66,000 per year, and DOD officials have already indicated that visa waivers might be needed in order to mitigate limitations on the number of visas allowed into the United States each year. Other challenges associated with an increase of foreign workers in Guam include providing support facilities and services, such as housing and medical care for these workers, as well as possible social

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tensions between the local population and foreign workers because of job competition.

- **Public infrastructure.** The effects of the increased demand on Guam's roads, port capabilities, and utility services—such as electrical generation, wastewater treatment, and solid waste disposal—have not been fully addressed. DOD and Guam officials recognize that the island's infrastructure is inadequate to meet the projected demand and will require significant funding to address these needs. For example, the Government of Guam has estimated that it will cost about \$2.6 billion to improve the local infrastructure to accommodate forecasted military and civilian growth on the island and that federal assistance is needed to meet these requirements. DOD officials and the *Guam Integrated Military Development Plan* identified several infrastructure areas that are in need of improvements: (1) the two major roads in Guam are in poor condition and, when ordnance (ammunition and explosives) is unloaded from ships for the Air Force now and for the Marine Corps in the future, it must be transported on one of these major roads that runs through highly populated areas; (2) the Government of Guam plans a number of projects to upgrade the capability and efficiency of Guam's port facilities that total about \$155 million with only \$56 million funded at the time of our review; (3) the utilities transmission lines are antiquated and the system is not reliable, and voltage and frequency fluctuations are common; (4) the wastewater treatment facilities have a long history of failing and are near capacity; and (5) the solid waste landfills have a number of unresolved issues related to discharge of pollutants and are near capacity. Although the Government of Japan has agreed to provide \$700 million for utilities infrastructure on DOD bases in Guam, this funding is neither intended nor is it sufficient to improve the infrastructure throughout the island. Future DOD operations may be constrained on Guam if improvements are not made to Guam's infrastructure.
- **DOD land use on Guam.** DOD officials initially told Guam officials that they could implement force structure plans with currently held land although they are now reviewing the possibility of using additional land to prevent future encroachment. For example, the *Guam Integrated Military Development Plan* considered both existing and former DOD land areas for potential use to accommodate realignment actions. In terms of existing land, DOD owned about 40,000 acres of land in Guam at the time of this review—approximately 29 percent of the island. Former DOD land areas have previously been a part of the base realignment and closure process or released to the Government of Guam. There are political sensitivities to using former DOD land areas, since local community officials in Guam are



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concerned with the community's reaction to DOD's possible expansion of land holdings on the island.

Funding uncertainties, operational challenges, and community impacts may not only affect the development of the Guam master plan but also increase costs for the U.S. government. Until DOD provides further information on how these challenges will be resolved, it will not know the precise costs of the Guam realignment plans to the U.S. government. DOD's has begun efforts to create a successful partnership and coordinate with other federal departments and agencies, the Government of Guam, and other organizations, which are important in addressing Guam's unique economic and infrastructure requirements. At the same time, DOD has not established a comprehensive and routine process to keep Congress informed on its progress dealing with these issues and the overall status of implementing the military buildup on Guam. In the absence of this information on how challenges will be addressed in the future, Congress is not in a position to help ensure the best application of limited federal funds and the leveraging of all available options for supporting the military buildup on Guam.

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## Concluding Observations

As U.S. overseas defense basing strategies and requirements continue to evolve, so do the department's master plans. The plans continue to improve each year by providing more complete, clear, and consistent information and descriptions of the challenges DOD faces overseas. However, we have previously recommended that overseas regional commands address the extent to which they are seeking residual value compensation for U.S. capital improvements at installations returned to host nations and that PACOM explain how it plans to address existing training limitations that may affect infrastructure and funding requirements. We believe that identifying these issues would provide Congress an awareness of potential challenges of recouping residual value from host nations and training U.S. forces in South Korea, which may affect facility requirements and funding in these countries. We continue to believe that these recommendations have merit and that Congress would benefit from disclosure of this information.

In July 2006, the Senate report accompanying the fiscal year 2007 military construction appropriation bill directed DOD to provide a master plan on the military buildup in Guam. DOD needs several more years to complete a master plan. Completion of a Guam master plan depends on the outcome of the environmental impact assessments and statement that could take up to 3 years to complete, on decisions that finalize the exact size and

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makeup of the forces to be moved to Guam, and on efforts that address challenges associated with the military buildup, including funding, operational requirements, and local economic and infrastructure needs. DOD's planning efforts for Guam are evolving and up-to-date information on facility requirements and associated costs would be useful for funding decisions and assessments of all available options to assist DOD, federal departments and agencies, the Government of Guam, and other organizations in addressing the challenges associated with the military buildup.

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## Matters for Congressional Consideration

GAO is not recommending executive action. However, to further facilitate annual review and oversight by Congress and other users of the overseas master plans, Congress should consider requiring the Secretary of Defense to ensure that (1) future overseas master plans address the extent to which the regional commands are seeking residual value compensation for U.S. capital improvements at installations returned to host nations and (2) future PACOM plans address existing training limitations in its area of responsibility and the potential effects of those limitations on infrastructure and funding requirements.

To help ensure the best application of limited federal funds and the leveraging of all available options for supporting the military buildup on Guam until DOD prepares a master plan, Congress should consider requiring the Secretary of Defense to report periodically to all the defense committees on the status of DOD's planning efforts for Guam, including DOD's efforts to complete its environmental impact statement, identify the exact size and makeup of the forces to be moved to Guam and the associated infrastructure required, and address the various challenges associated with the military buildup.

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## Agency Comments and Our Evaluation

In comments on a draft of this report, the Deputy Under Secretary of Defense for Installations and Environment responded that congressional action is not necessary.

- In commenting on our matter for congressional consideration to require that future overseas master plans address the extent to which commands are seeking residual value compensation, the Deputy Under Secretary of Defense stated that DOD already provides status reports on its residual value negotiations to the Committees on Appropriations and Armed Services and that prior legislation outlines reporting requirements on the closure of foreign military installations worldwide, with specific reporting

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requirements throughout the residual value negotiation process. While we were aware of these reporting requirements, these reports do not provide users of the master plans the kind of information needed to address their concerns about the status of residual value negotiations or the implications for U.S. funding. Our recommendation to Congress is grounded in the fact that residual value issues vary by host nation and the implications for U.S. funding also vary accordingly and thus may not be clear enough to all users of the plans. We continue to believe that the Secretary of Defense should require commands to explain the issues with obtaining residual value from each host nation and report the implications for U.S. funding.

- In commenting on our matter for congressional consideration that future PACOM plans address training limitations in its area of responsibility, the Deputy Under Secretary of Defense responded that the department agrees that validated training requirements that are affected by force posture transformation plans should be addressed in overseas master plans. He further stated that nonprogrammed and nonvalidated training limitations experienced by service components were not appropriate for inclusion and would not be addressed in the overseas commands' risk assessment for their master plans. While we are not aware of any nonprogrammed and nonvalidated training limitations, our report discusses only those training limitations raised by senior command officials during our review. We assume that if there is a need to make a distinction between nonvalidated versus validated training limitations, OSD and the overseas commands would work together to identify those validated limitations that should be addressed in their master plans. In addition, last year OSD included in its guidance a requirement for the combatant commands to identify and discuss risks to their master plans as well as steps taken to mitigate those risks, including validated training requirements and limitations. In response to this guidance U.S. Forces Japan provided information on training limitations, while USFK omitted this information from the overseas master plan. This inconsistency led to our recommendation that Congress require such reporting, and we continue to believe that this information is necessary to provide a complete picture of the potential effects on infrastructure and funding requirements in South Korea.
- In commenting on our matter for congressional consideration that the Secretary of Defense report periodically to all the defense committees on the status of DOD's planning efforts for Guam, the Deputy Under Secretary of Defense responded that the Guam master plan is scheduled to be completed in 2008, at which time a copy will be provided to congressional defense committees. It should be noted that Senate Report 109-286 directed DOD to submit a master plan for the military buildup on Guam by

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December 2006; however, DOD did not submit the plan for several reasons that we discuss in this report. Moreover, because the master plan cannot be completed until the environmental impact statement is completed, a process that could take until 2009, Congress may not see the master plan for another 2 years at least. Also, DOD faces a variety of funding challenges, operational challenges, and community impacts that may both affect the development and timing of the Guam master plan and increase costs for the U.S. government. Thus, in the interim before receiving a master plan, congressional oversight could be enhanced by Congress periodically receiving an update on the planning efforts in Guam, including DOD's efforts to complete its environmental impact statement, identify the exact size and makeup of the forces to be moved to Guam and the associated infrastructure required, and address the various challenges associated with the military buildup.

The Deputy Under Secretary of Defense's comments are reprinted in appendix II. DOD also provided technical comments on a draft of this report, which we incorporated where appropriated.

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We are sending copies of this report to the Secretaries of Defense, the Army, the Navy, and the Air Force; the Commandant of the Marine Corps; and the Director, Office of Management and Budget. Copies will be made available to others upon request. In addition, this report will be available at no charge on the GAO Web site at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-4523 or [leporeb@gao.gov](mailto:leporeb@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. The GAO staff members who made key contributions to this report are listed in appendix III.

A handwritten signature in black ink, appearing to read "Brian Lepore", with a stylized, cursive script.

Brian J. Lepore, Director  
Defense Capabilities and Management

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*List of Committees*

The Honorable Carl Levin  
Chairman  
The Honorable John McCain  
Ranking Member  
Committee on Armed Services  
United States Senate

The Honorable Daniel K. Inouye  
Chairman  
The Honorable Ted Stevens  
Ranking Member  
Subcommittee on Defense  
Committee on Appropriations  
United States Senate

The Honorable Tim Johnson  
Chairman  
The Honorable Kay Bailey Hutchison  
Ranking Member  
Subcommittee on Military Construction, Veterans' Affairs,  
and Related Agencies  
Committee on Appropriations  
United States Senate

The Honorable Ike Skelton  
Chairman  
The Honorable Duncan L. Hunter  
Ranking Member  
Committee on Armed Services  
House of Representatives

The Honorable John P. Murtha  
Chairman  
The Honorable C. W. Bill Young  
Ranking Member  
Subcommittee on Defense  
Committee on Appropriations  
House of Representatives

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The Honorable Chet Edwards  
Chairman  
The Honorable Roger F. Wicker  
Ranking Member  
Subcommittee on Military Construction, Veterans' Affairs,  
and Related Agencies  
Committee on Appropriations  
House of Representatives

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# Appendix I: Scope and Methodology

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To determine the extent to which the fiscal year 2008 overseas master plans have changed since last year, and the extent to which the plans address the challenges faced by the Department of Defense (DOD) during implementation, we compared the reporting requirements in the congressional mandate and the Office of the Secretary of Defense (OSD) guidance, which incorporated our prior recommendations. In order to identify improvements to the overseas master plan, we compared and contrasted the fiscal year 2007 and 2008 plans. We assessed the quantity and quality of one plan's responses for each of the data elements, including details on base categories, host nation funding levels, facility requirements and costs, environmental remediation issues, and other issues affecting the implementation of the plans, and compared them to equivalent responses in other plans; formed conclusions as to the completeness, clarity, and consistency of the latest plan's responses; and generated observations and recommendations for improving the plans. We also discussed with DOD officials our observations and recommendations, specific reporting requirements, and whether improvements in the guidance and reporting were needed. We also interviewed cognizant officials from DOD about the various changes and challenges that were identified within the plans. We met with officials from OSD and each of the following commands and agencies: U.S. Pacific Command (PACOM); U.S. Army Pacific; Commander, U.S. Pacific Fleet; U.S. Marine Corps Forces, Pacific; U.S. Pacific Air Forces; U.S. Forces Korea; U.S. Eighth Army; Seventh Air Force; Commander, Naval Forces Korea; U.S. Army Corps of Engineers, Far East District; DOD Education Activity; U.S. Forces Korea Status of Forces Agreement Office; U.S. Forces Japan; U.S. Army Japan; U.S. Air Forces Japan; Commander, Naval Forces Japan; U.S. Marine Forces Japan; Naval Facilities Engineering Command-Pacific, Japan; U.S. European Command; U.S. Army Europe; Commander, U.S. Naval Forces Europe; Naval Facilities Engineering Command-Italy; U.S. Air Force Europe; Army Installation Management Agency, Europe Regional Office; U.S. Central Command; and Special Operations Command. In general, we discussed the reporting requirements contained in OSD's guidance, host nation agreements and funding levels, U.S. funding levels and sources, environmental remediation and restoration issues, property returns to host nations, and training requirements. We also analyzed available reports, documents, policies, directives, international agreements, guidance, and media articles to keep abreast of ongoing changes in overseas defense basing strategies and requirements. To see firsthand the condition of facilities and status of selected construction projects, we visited and toured facilities at Camp Schwab, Camp Kinser, Camp Foster, Torii Station, Camp Zama, Yokosuka Naval Base, and Yokota Air Base, Japan; Camp Humphreys and Kunsan Air Force Base, South Korea; and Aviano

Air Base, Caserma Ederle, Dal Molin, and Naval Support Activity La Maddalena, Italy.

To determine the status of DOD's planning effort for the buildup of forces and infrastructure on Guam, we met with officials from OSD, the Navy, PACOM, and the Joint Guam Program Office (JGPO). In general, we discussed the development of a Guam master plan and the Integrated Military Development Plan with PACOM and JGPO officials. We also met with officials from U.S. Pacific Fleet; U.S. Marine Corps Forces, Pacific; U.S. Marine Forces Japan; Third Marine Expeditionary Forces; U.S. Forces Japan; U.S. Army Pacific; and Pacific Air Forces to discuss the various factors that can affect U.S. infrastructure requirements and costs associated with the buildup in Guam. We visited Naval Base Guam and Andersen Air Force Base in Guam to see the installations and future military construction sites firsthand. We also reviewed DOD's military construction budgets for fiscal years 2007 and 2008 and planned for future years to identify U.S. funding levels and sources planned for the military buildup in Guam. To identify challenges associated with the buildup in this planning effort, we met with the aforementioned DOD officials and other interested parties in Guam, including the Governor, legislative leaders, the Chamber of Commerce, the Civil Military Task Force, the Guam Women's Group, and the Office of the Delegate from Guam to the U.S. House of Representatives. We did not evaluate concerns raised by the officials, but we reviewed relevant federal laws and discussed them with DOD officials. We also analyzed available reports, documents, international agreements, and media articles to keep abreast of ongoing activities in Guam pertaining to challenges that may affect DOD's development and implementation of a master plan.

While we met with Special Operations Command officials, its planning efforts were not specifically required for the master plans in response to the congressional mandates. In addition, we did not include Southern and Northern Commands in our analysis because these commands have significantly fewer facilities overseas than the other regional commands in the Pacific, Europe, and Central Asia.

We conducted our review from September 2006 through July 2007 in accordance with generally accepted government auditing standards.



# Appendix II: Comments from the Department of Defense



ACQUISITION,  
TECHNOLOGY  
AND LOGISTICS

OFFICE OF THE UNDER SECRETARY OF DEFENSE  
3000 DEFENSE PENTAGON  
WASHINGTON, DC 20301-3000

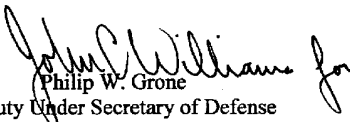
AUG 15 2007

Mr. Brian Lepore  
Director, Defense Capabilities and Management  
U.S. Government Accountability Office  
441 G Street, N.W.  
Washington DC 20548

Dear Mr. Lepore:

This is the Department of Defense (DoD) response to the GAO draft report, GAO-07-1015, "DEFENSE INFRASTRUCTURE: Overseas Master Plans Are Improving, but DoD Needs To Provide Congress Additional Information about the Military Buildup on Guam", dated July 16, 2007 (GAO Code 350916).

Sincerely,

  
Philip W. Grone  
Deputy Under Secretary of Defense  
(Installations and Environment)

Enclosure:  
As stated



**GAO Draft Report, GAO-07-1015, "DEFENSE INFRASTRUCTURE: Overseas Master Plans Are Improving, but DoD Needs To Provide Congress Additional Information about the Military Buildup on Guam", dated July 16, 2007 (GAO Code 350916)**

**DEPARTMENT OF DEFENSE COMMENTS**

Although the GAO did not recommend executive actions, the GAO, as a matter for Congressional Consideration, stated that "Congress should require DOD to report on residual value and U.S. Pacific Command's (PACOM) training limitations, as well as periodically on its planning efforts for Guam, including the environmental impact statement, the exact size and makeup of forces, and efforts to address various challenges."

**DoD RESPONSE:** For the reasons set out below, Congressional action is not necessary.

**Residual Value:** The DoD already provides status reports on its residual value negotiations to the Committees on Appropriations and Armed Services pursuant to the U.S. Senate Committee on Appropriations Report No. 103-153, accompanying the Department of Defense (DoD) Appropriations Act, 1994, as amended. Additionally, Section 2921 of the National Defense Authorization Act of 1991 (Public Law 101-510), as amended, outlines reporting requirements on the closure of foreign military installations worldwide, with specific reporting requirements throughout the residual value negotiation process.

**U.S. Pacific Command Training Limitations:** The Department concurs that validated training requirements which are affected by force posture transformation plans should be addressed in the overseas master plans. However, it is more germane for these issues to be addressed as part of the discussions on risk assessment than to be addressed separately. Therefore, DoD will advise overseas combatant commands to include training issues as part of their risk assessment discussion, to include steps taken to mitigate those risks. Non-programmed and non-validated training limitations experienced by Service components are not appropriate for inclusion and will not be addressed.

**Report on planning efforts for Guam, including the environmental impact statement, the exact size and makeup of forces, and efforts to address various challenges.**

The U.S. Senate Committee on Appropriations Report No. 109-286, accompanying the Department of Defense Appropriations Act 2006, requests that the Secretary of Defense to submit a master plan for Guam including a report accounting for the U.S. share of the \$10.3B construction program (project-level detail) and the year in which each project is expected to be funded. The Guam Master Plan is scheduled to be completed in 2008, at which time a copy will be provide to the Congressional Defense Committees.

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# Appendix III: GAO Contact and Staff Acknowledgments

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## GAO Contact

Brian J. Lepore, (202) 512-4523 or leporeb@gao.gov

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## Acknowledgments

In addition to the contact named above, Mark Little, Assistant Director; Nelsie Alcoser; Kate Lenane; Erika Prochaska; Roger Tomlinson; and Cheryl Weissman made major contributions to this report.

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